GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA

UNSTARRED QUESTION NO:377
ANSWERED ON:28.02.2008
INCREASE IN PRICES OF FERTILIZERS
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Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether the prices of fertilizers have increased rapidly during the years five years;

(b) if so, the reasons therefor;

(c) whether the Government has conducted any study to find ways to reduce the production cost of fertilizers;

(d) if so, the details thereof; and

(e) the steps being taken by the Government to reduce the prices of fertilizers?

Answer

MINISTER OF THE STATE IN THE MINiSTRY OF CHEMICALS AND FERTILIZERS AND MINISTER OF THE STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (SHRI B.K. HANDIQUE)

(a) & (b) The selling price of fertilizers under the subsidy regime has remained constant for the last 5 years. The selling prices of the subsidized fertilizers are placed at Annexure-I.

(c) to (e) The cost of production of fertilizers largely depend upon the price of feedstocks/inputs. The price of natural gas which is the preferred feedstock for production of urea is based on market forces except for the natural gas under Administered Price Mechanism (APM). The price of other fertilizer inputs depend upon their prevailing international prices which has risen sharply over last 5 years, as can be seen from the details at Annexure-II.

However, the Government has been encouraging the industry to improve production efficiency in order to reduce costs of production. Under the New Pricing Scheme Stage-III, the efficiency norms of the existing urea units in the country has been tightened in order to reduce the cost of production and encourage efficiency. A study on ways to further improve efficiency in existing urea units has been recently entrusted to M/s Projects & Development India Ltd. (PDIL). The report of the study is expected by the end of this year.